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Twenty-second session
Geneva, 10 December 1990
Agenda item 7

DRAFT REPORT OF THE COMMITTEE ON TUNGSTEN ON ITS TWENTY-SECOND SESSION

Held at the Palais des Nations, Geneva,
from 10 to .. December 1990

Rapporteur: Mr. R. ERSHOV (USSR)

CONTENTS

Chapter		Paragraphs
II.	Review of the discussions, proposals and work to date on the question of stabilizing the tungsten market with a view to determining appropriate courses of action to enable the governments of producing and consuming countries to be in a position to reach agreement on measures to stabilize the tungsten market and to arrive at an early decision on the convening of a negotiating conference (agenda item 5)	54 - 62
III.	Other business	
	(a) Designation of the Committee on Tungsten as an international commodity body of the Common Fund for Commodities (agenda item 6)	63 - 64
IV.	Organizational matters	65 - 75
Annex I		

Chapter II

REVIEW OF THE DISCUSSIONS, PROPOSALS AND WORK TO DATE ON THE QUESTION OF STABILIZING THE TUNGSTEN MARKET WITH A VIEW TO DETERMINING APPROPRIATE COURSES OF ACTION TO ENABLE THE GOVERNMENTS OF PRODUCING AND CONSUMING COUNTRIES TO BE IN A POSITION TO REACH AGREEMENT ON MEASURES TO STABILIZE THE TUNGSTEN MARKET AND TO ARRIVE AT AN EARLY DECISION ON THE CONVENING OF A NEGOTIATING CONFERENCE

(Agenda item 5)

54. Under this agenda item, the UNCTAD secretariat presented document TD/B/C.1/TUNGSTEN/86. Following an explanation of the approach taken and coverage of the study, he indicated that the report described the research and development programmes of several countries. The information supplied by respondents suggested that research and development conducted by the tungsten industry to promote new applications of tungsten had normally been pursued in countries with a significant interest in tungsten, whether as a producer or consumer of tungsten, or as a supplier or exporter of tungsten products. Answers also revealed that such programmes were somewhat limited in number or size; very few were joint ventures. The low number of joint programmes was attributable to such factors as lack of knowledge or information about research and development programmes conducted beyond national boundaries, not to mention the problems of co-ordinating joint research and sharing of commercial gains. He noted that there was none the less an overwhelming response favouring greater investment in research and development programmes. In this respect, many areas were identified as offering potential benefits. The results of the survey also indicated a high degree of unanimity on the advantages of co-operative international research and development programmes. A word of caution was in order, however. For diverse reasons, including the need for additional resources and the limited research funds available at the national level, few respondents had indicated any significant change in the focus or level of research and development investments related to tungsten, despite the prevailing inadequate level.

55. The representative of the United States said that he had received a limited number of responses from American companies but regrettably had been unable to forward the results to the secretariat. However, he wished to take the opportunity offered by the meeting to present some details for the benefit of the Committee. Regarding question 1 of the questionnaire, the majority of

replies had indicated little activity on research and development for the promotion of tungsten. In view of the answer to question 1, question 2 (a) was not applicable. The replies for 2 (b) showed that there were some programmes investigating the substitution of tungsten by other materials such as ceramics and cermets. As regards question 3, several companies regarded research and development as necessary to increase demand for tungsten. On co-operative research and development programmes (question 4), the response was mixed, with some companies considering such programmes beneficial. With regard to question 5, the response was negative, that is, no change of focus or commitment on research and development programmes was envisaged.

56. The representative of the International Tungsten Industry Association (ITIA) recalled his own experience with research and development; he indicated that the efforts in this direction by the Primary Tungsten Association (a forerunner of the International Tungsten Industry Association) had been unsuccessful largely owing to the lack of resources. Some time ago, a research and development project had been proposed by the Government of Canada, he noted. If they would be useful to the Committee, he was quite willing to make available details of the various research and development proposals which had been communicated to the ITIA.

57. The representative of Portugal informed the Committee that Portuguese industry experts could not afford to attend the session since the respective companies were in dire economic straits. His country was open to consider any suggestions to make the Committee more attractive to industry experts. He went on to say that one possibility was to have a parallel technical meeting and to reduce the number of plenary meetings to two, one at the beginning and one at the end of the session. He was also ready to contemplate an agenda change with a view to improving the efficiency of the Committee's work.

58. Referring to document TD/B/C.1/TUNGSTEN/86, he provided the Committee with his country's answers to the questionnaire. The answer to question 1 was negative. Conversely, the response to question 3 was positive. Regarding questions 4 and 5, the response was rather mixed. While the Portuguese tungsten industry was open to consider all concrete proposals in the area of co-operative international research programmes, there were some doubts as to how such co-operation could be achieved. He pointed out that secrecy was very

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high in this industry so that it was difficult to envisage how international co-operation on research and development programmes for tungsten could be made to work. Nevertheless, Portugal was willing to give careful consideration to any concrete proposal to this end.

59. In conclusion, he urged the Committee to consider the possibility of using the Second Account of the Common Fund to finance such programmes. In his view, under the prevailing market conditions, private funding of research and development projects would be difficult.

60. The representative of the International Tungsten Industry Association said that he believed there were prospects for research and development in the area of new applications for tungsten. The Committee might wish to pursue work in this direction. The question was where resources could be found. One possibility in this respect was for the Committee to approach certain special institutes. As far as his association was concerned, it would be happy to liaise on any work.

61. In the view of the representative of China, the report of the secretariat was useful for the Committee's discussion. He wished to point out that the information on his country had come from only one factory and not a company, as indicated in the report and hence did not represent the view of the Chinese tungsten industry. If conditions were met and resources available, China would welcome international co-operation on research and development. However, he wished to make it clear that these activities could be only one part of the Committee's work and was not the only issue to be considered under item 5. He pointed out that the Committee was an inter-governmental body, not an expert group The basic mandate of the Committee was to strengthen co-operation between consumers and producers to seek measures for the stabilization of the tungsten market. This objective remained valid.

62. Turning to the question concerning participation of industry advisers, China always welcomed such participation. However, his country could not agree with the view to change the mandate so as to attract industry advisers who had lost interest in the Committee's work. If some members of the Committee tried to amend the wording of this agenda item and lead it far away from the basic conception of its original wording, it might be difficult for his delegation to accept it. Although such amendments might attract some industry advisers, the Committee would lose its attraction to the Chinese delegation.

Chapter III

OTHER BUSINESS

(Agenda item 6)

(a) Designation of the Committee on Tungsten as an international commodity body of the Common Fund for Commodities

63. Under this agenda item, the Chairman recalled that at its last session, the Committee had agreed to request the Secretary-General of UNCTAD to approach the Common Fund informally in order to seek its view on the eligibility of the Committee as an international commodity body. He referred to the statement made by the Managing Director of the Common Fund at the last session of the Committee on Commodities. Without a formal decision requesting such designation, the Executive Board of the Common Fund could do nothing in this regard. The Committee would therefore have to decide whether it wished to take a formal decision.

64. In response to many legal and technical points raised during the discussion, clarification was provided by the Deputy Director of the Commodities Division. The proposal submitted by the Chairman formally seeking designation of the Committee as an international commodity body was [adopted] by the Committee (see annex II).

Chapter IV

ORGANIZATIONAL MATTERS

(a) Opening of the session

65. The twenty-second session of the Committee on Tungsten was opened on 10 December 1990 by Mr. Carlos Fortin, Deputy to the Secretary-General of UNCTAD and Director of the Commodities Division in the absence of the incumbent Chairman.

(b) Election of officers (agenda item 1)

66. At its 1st plenary meeting, on 10 December 1990, the Committee elected Mr. Wolfgang MUELLER (Australia) as its Chairman and Mr. Y. ERSHOV (USSR) as its Vice-Chairman-cum-Rapporteur.

67. As provided for in the terms of reference and operating procedures of the Sessional Working Group (TD/B/C.1/...), the officers of the Committee served as the officers of the Working Group.

(c) Adoption of the agenda (agenda item 2)

68. At its 1st plenary meeting, on 10 December 1990, the Committee adopted its provisional agenda (TD/B/C.1/TUNGSTEN/83), as follows:

1. Election of officers
2. Adoption of the agenda
3. Discussions of the Sessional Working Group:
   (a) Examination of statistics provided by the secretariat
   (b) Review of the current market situation and outlook
4. Consideration of the report of the Sessional Working Group
5. Review of the discussions, proposals and work to date on the question of stabilizing the tungsten market with a view to determining appropriate courses of action to enable the governments of producing and consuming countries to be in a position to reach agreement on measures to stabilize the tungsten market and to arrive at an early decision on the convening of a negotiating conference.
6. Other business
7. Adoption of the report of the Committee on Tungsten to the Committee on Commodities.

(d) Representation

69. The following States members of UNCTAD, members of the Committee were represented at the session: Australia; Austria; Belgium; Bolivia; Brazil; China; [Cyprus]; France; Germany; Italy; Japan; Mexico; Netherlands; Peru; Portugal; Republic of Korea; Spain; Sweden; Thailand; Turkey; Union of Soviet Socialist Republics; United States of America.

70. The following other States members of UNCTAD, not members of the Committee, were represented at the session: Finland; India; Indonesia; Ireland; Kuwait; Norway; Panama; Philippines.

71. The following specialized agency was represented at the session: International Monetary Fund. The General Agreement on Tariffs and Trade was also represented.

72. The following intergovernmental organization was represented at the session: European Economic Community.

73. The following non-governmental organization was represented at the session: Special Category: International Tungsten Industry Association.

(e) Consideration of the report of the Sessional Working Group (agenda item 4)

74. At its closing plenary meeting, on 14 December 1990, the Committee adopted the report of the Sessional Working Group (TD/B/C.1/TUNGSTEN/L.25 and Add.1).

(f) Adoption of the report of the Committee to the Committee on Commodities (agenda item 7)

75. At the same meeting, the Committee adopted its draft report (TD/B/C.1/TUNGSTEN/L.25 and Add.2), and authorized the Rapporteur to complete the final text, as appropriate.

Annex I

THE AGREEMENT BETWEEN CHINA AND THE EUROPEAN ECONOMIC COMMUNITY
ON THE VOLUME OF IMPORTS INTO EEC COUNTRIES

Increasing rates of "plancher" prices

	PRICES 1/10/90	1/1/90	1/11/90
CONCENTRATES	X	1.06 X	1.12 X
TUNGSTEN OXIDE	Y1	1.026 Y1	1.064 Y1
TUNGSTEN ACID	Y2	1.04 Y2	1.08 Y2
TUNGSTEN CARBIDE	Z1	1.0625 Z1	1.125 Z1
FUSED TUNGSTEN CARBIDE	Z2	1,111 Z2	1.333 Z2

Note: Table reproduced as transmitted by the representative of the EEC.

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Annex

Addnedum to the list of the different definitions and methodologies used in major tungsten-producing countries

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ANNEX

Addendum to the list of the different definitions and methodologies used in major tungsten-producing countries

Australia

A mine's capacity is taken as the mine manager's best estimate of the maximum long term sustainable production rate that could be quickly achieved with minimum capital expenditure. In making this estimate, factors such as equipment, mine configuration and mining method, acceptable work practices, maintenance, and supply of materials and energy are taken into account to determine which phase of mining and processing would limit the overall production rate and at what level.

Portugal

The definition applied is that used by the United States Bureau of Mines.